
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.12.2010

Wall Street Journal: "U.S. Probes Morgan Stanley ... Federal prosecutors are investigating whether Morgan Stanley misled investors about mortgage-derivatives deals it helped design and sometimes bet against, people familiar with the matter say, in a step that intensifies Washington's scrutiny of Wall Street in the wake of the financial crisis."

Wall Street Journal: "Fannie the Unreformable ... 'We all should have done a better job.' So said Senator Chris Dodd yesterday in discussing Fannie Mae and Freddie Mac, in what ought to go down as the understatement of the young 21st century. Yet such general and less-than-abject remorse wasn't enough for Mr. Dodd and his fellow Democrats to vote to reform the money-losing government-owned companies and clean up the mess they made in the mortgage market."

Washington Post: "IMF report predicts long, painful road ahead for Greece's recovery ... An internal International Monetary Fund assessment paints a dour picture of Greece's path to economic recovery, with years of high unemployment rates, slow growth and political bickering threatening to undermine a recently approved international rescue program."

Washington Post: "Last week's stock plunge largely caused by big Wall Street firms, SEC chief says ... Major Wall Street firms retreated from the market Thursday at the very moment when they were most needed to support normal trading, in what a senior federal regulator called the "most significant" factor behind the stock market's dramatic volatility."

Washington Post: "Senate votes to increase oversight of Federal Reserve ... Senate lawmakers voted unanimously Tuesday to increase oversight of the Federal Reserve, but the two parties diverged on whether a bill to rewrite financial regulations should include an overhaul of government-backed mortgage giants Fannie Mae and Freddie Mac."

Washington Post: "Financial overhaul pits military against car dealers ... In the battle to overhaul the nation's financial regulations, a lobbying effort by the world's most powerful military force may have met its match in the local car dealer."

Washington Post: "For lobbyists, banks tap Washington pipeline, report finds ... The country's largest banks and trade groups have hired more than 240 former government officials and legislative staffers to lobby on their behalf in Congress, part of a broader campaign by Wall Street firms to limit the impact of proposed reforms on their industry, according to a report issued Tuesday by liberal groups."

NY Times: "Market Inquiry Focuses on One Trader ... Regulators examining the causes of the brief stock market free fall last Thursday are looking closely at heavy selling in the market for stock-index futures by a single trader, beginning 10 minutes before stock prices began to plummet."

NY Times: "4 Big Banks Score Perfect 61-Day Run ... It is the Wall Street equivalent of a perfect game of baseball - 27 up, 27 down, the final score measured in millions of dollars a day."

NY Times: "Is It Safe to Go Back In? ... What could be worse than a 20-minute, 1,000-point drop in the stock market? A 20-minute, 1,000-point drop that defies explanation."

LA Times: "Regulators unable to explain Dow's 700-point fall ... Federal regulators working around the clock have yet to pinpoint the cause of last week's rapid stock market plunge, but they've learned enough to propose changes to prevent a repeat, Securities and Exchange Commission Chairwoman Mary Schapiro said Tuesday."

LA Times: "Banks should have living wills in case of failure, FDIC says ... In case of pending death, the country's major banks should have living wills, the Federal Deposit Insurance Corp. proposed Tuesday, so that they can be shut down if need be in an orderly fashion."

USA Today: "Senate votes to examine Federal Reserve lending ... Moving to further open the Federal Reserve to public scrutiny, the Senate unanimously voted Tuesday to require audits of the Fed's emergency loans during the financial crisis."

USA Today: "Regulators plan stricter rules for bundles of loans ... U.S. banking regulators on Tuesday proposed stricter rules for asset-backed securities, the bundles of loans that helped spark the market collapse in 2008 and the near-meltdown of the financial system."

Politico: "Federal Reserve lends bucket to EU bailout ... Concerned that U.S. taxpayers appear to be bailing out profligate European governments, the Obama administration is pushing back this week with a series of arguments that Americans won't be on the hook for the EU bailout announced early this week."

The Hill: "GOP drafts bill to prevent Geithner from voting for IMF loans to EU members ... House Republicans are drafting a bill that would force Treasury Secretary Timothy Geithner to vote against IMF loans to European countries."